

GATE 2: THE PROCUREMENT ACT 2023

Raising awareness about the upcoming changes with the new reform.



The Procurement Act 2023 (PA23), launched in February 2025, has been designed to bring a number of benefits that create a simpler and more flexible commercial process that better meets the UK and suppliers' needs.

PA23 will replace the existing rules for public contracts, utilities, concession contracts. It covers the entire procurement and contract lifecycle, including preliminary market engagement, competitive tendering, direct awards and contract management.

This section offers knowledge and guidance for public-sector professionals on:

- Empowering Innovation – a summary of the impact on innovation
- Overall Impact of PA23
- What has actually changed? - the detail of the significant changes
- What stays the same?
- What no longer exists?

Empowering Innovation

The new act regulations are significantly influenced by the objective to empower innovation. They encourage public bodies to actively seek out and procure more innovative solutions to meet their requirements. By providing greater flexibility in the procurement process, procurers can facilitate a better fit for more innovative and advanced solutions, so driving up supplier diversity.

The key aspects of the act that drive innovation are:

The changes actively encourage SMEs to apply for public contracts by offering a simplified more transparent process and promoting prompt payment.

The new regulations should result in an increase supplier engagement. With a strong focus on enabling SMEs, this tool should increase awareness of public procurement and motivate more innovative solutions.

Streamlined and simplified procedures making it easier for more to participate.

There is more flexibility and creativity to design/tailor a procedure to suit the product or service being procured and its market. The new route to market encourages more negotiation and dialogue with suppliers, which this also suits more innovative and tailored solutions.

Awarding based on "Most Advantageous Tender" promotes a wider range of factors, making price a lower priority. National priorities must be considered with the emphasis on social value.

Overall impact of PA23

Differentiation and modernisation

The regime moves away from the EU directives and offers a more modernised approach that encourages authorities to be more efficient and innovative while maintaining transparency.

Simplicity and Transparency

There has always been a clear focus on transparency and openness of public spend. The new act seeks to remove bureaucratic barriers and offers a simpler process with fewer terms which makes it easier for suppliers to understand. Less emphasis on following strict process rules and timings allows procurers to focus on accessibility and equality.

Increased flexibility, transparency & accessibility

The new procurement procedures empower procurers to model the process to suit different situations and needs. This makes it easier for SMEs to register on a central digital platform and also to simpler submit a bid/proposal. The Procurement Act 2023 significantly increases the number of notices that contracting authorities must publish throughout the procurement process, aiming to enhance transparency by providing detailed information about every stage of a contract.

Value for money

By enhancing the procurement process, allowing procurers to be creative and agile, this helps increase efficiencies in the process and achieve better value for money.

What has actually changed?

No longer MEAT – consider factors beyond price

The act also moves away from awarding solely on the 'highest score' based on "MEAT" - the most economical advantageous tender. The new criteria is "Most Advantageous Tender" (MAT) - an approach that allows public bodies to consider factors beyond just price when awarding contracts. This is to highlight awarding tenders based on "National Priority Outcomes" such as innovation, social value, and environmental impact.

Contract and tender criteria modifications

- The Procurement Act 2023 allows public contracts and tender criteria to be modified in certain circumstances. For further guidance please refer to: [Guidance: Contract Modifications \(HTML\) - GOV.UK](#)
 - This gives authorities legal certainty and greater flexibility to manage challenges successfully and allows them to be agile.
 - The act highlights that the modifications need to be non-substantial. Modifications to a public contract are permitted only if they are not "substantial," meaning they cannot significantly change the scope of the contract, extend the contract term by more than 10% of the original term, or materially alter the economic balance in favour of the supplier.
 - It is advise to seek further advice if modifications are being considered.
-

Contract management & key performance indicators (KPIs)

The act focuses on contract management throughout the lifecycle of a procurement. There is a strong emphasis on supplier quality, compliance and accountability, with authorities able to exclude suppliers based on poor past performance. The new legislation also support increased transparency through mandatory publication of key performance indicators (KPIs) and the requirement to assess supplier performance against them. There is a significant focus on supplier quality, compliance and accountability. The act also enforces Supplier accountability, enabling authorities to exclude suppliers from future contracts based on poor past performance.

New notices & preliminary market engagement

- PA23 introduces a pipeline notice to list planned public-sector procurements worth more than £2 million. The notices must be published in advance on a central digital platform. The act also introduces other new types of notices including planned procurement notices to give early market insight and contract change/termination notices.
- Until now, Preliminary Market Engagement (PME) was a “recommended” process where no formal notice was required and the Prior Information Notice (PIN) was utilised to notify the market of both future planned procurement and any pre-market engagement activity. While preliminary market engagement remains entirely optional for contracting authorities, a PME notice must be published if preliminary market engagement does occur. Furthermore, the authority must provide in the tender notice compelling reasons as to why no PME took place which then leaves the authority open to scrutiny.
- As all notices will be published on the government's Find a Tender Service platform, this makes it easily accessible and transparent to suppliers.

Refer to Definitions: Glossary of terms for further guidance on the new notices.

A new procedure

The biggest change in the new legislation is the removal of the various procedures, to be replaced with two:

1. Open Procedure
2. Competitive Flexible Procedure (CFP)

Further information on both procedures in [Gate 3 Routes to Market to Scale](#).

This new procedure allows procurers to be innovative and design the process which can stimulate more innovation from the market. CFP allows authorities to tailor the steps and criteria to specific needs. There is the opportunity to include pre-commercial activities, R&D and scaling in one process. Ultimately, this could lead to faster, more efficient purchasing while still maintaining a competitive environment for suppliers.

What stays the same?

Under the Procurement Act 2023, many aspects remain the same as the previous regulations, including the financial thresholds triggering procurement rules and the remedies available to suppliers in case of breaches. The highest priority has always been transparency and fairness but the simplification and flexibility of the new act should help achieve this objective.

What no longer exists?


All other multistage procedures introduced under the Public Contracts Regulations 2015 will no longer be used, but their processes will be followed under CFP.

Additional Resources & Support

The Procurement Act 2023 (Consequential and Other Amendments) Regulations 2025 – View the full regulations [here](#).

Read this [guidance](#), drafted by IPEC, which outlines the key changes introduced by the Procurement Act 2023 and its impact on innovation and procurement

processes.

- 
- Visit [Gate 3: Routes to Market to Scale](#) to explore new procedures aligned with the Procurement Act 2023.
 - [Click here](#) to access further support that defines the key terms and jargon found in this tool.